

FISCAL NOTE

Bill #: HB0161

Title: Revise certain workers' compensation laws

Primary Sponsor: McNutt, W

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
Expenditures:		
General Fund	\$0	\$0
State Special Revenue	\$0	\$0
Revenue:		
General Fund	\$0	\$0
State Special Revenue	\$22,215	\$4,215
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Labor and Industry

1. Section 2 establishes a penalty on Plan 1 employers, Plan 2 insurers, and the State Fund for failure to file an annual paid losses report on March 1 of each year. The penalty may range from \$250 to \$1,000.
2. The department will assess a \$250 penalty the first time an employer or insurer files a late report.
3. An average of 88 reports have been received late annually over the past four fiscal years.
4. The department estimates it will receive \$22,000 in FY 2006 attributable to first-time late filers ($88 * \$250 = \$22,000$).
5. The department will assess a \$500 penalty for subsequent year late filers.
6. The department assumes that the first time penalty will reduce the number of subsequent late filers. The department estimates it will receive 8 late reports in FY 2007 attributable to subsequent year late filers, resulting in \$4,000 in subsequent year penalties ($8 * \$500 = \$4,000$).
7. The department assumes it will collect no penalties related to Section 4.
8. Section 5 expands assessment of interest, paid at a rate of 12 percent annually (1 percent per month), to all unpaid balances owed to the uninsured employer's fund (UEF), including late payment fees.
9. The UEF collected \$21,500 in late payment fees between October 1, 2003 and September 30, 2004.

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10. Assuming interest accrues for one month prior to collection of the debt, the department estimates it will collect \$215 in interest each year of the biennium ($\$21,500 * 1$ percent).

FISCAL IMPACT:

Department of Labor and Industry

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Revenues:</u>		
State Special Revenue (02)	\$22,215	\$4,215
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	\$22,215	\$4,215